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SUBJECT: THIS WEEK IN ALBANIA, DECEMBER 21-28, 2007

¶1. (U) The following is a weekly report prepared by Embassy Tirana's local staff to provide political and economic context and insight into developments in Albania. These updates will supplement post's DAR reports and reporting cables.

POLITICAL AND ECONOMIC DEVELOPMENTS

¶2. (U) FM Basha Says "I Am A Sacrificial Lamb": Following a long debate, the Albanian Parliament voted overwhelmingly in favor yesterday of removing parliamentary immunity from MP and Foreign Minister Lulzim Basha. Majority and opposition forces voted together in favor of allowing an investigation to go forward on Basha's handling of a major infrastructure project, the Durres-Kukes road, during his term as Minister of Transport. The road will link Kosovo directly to the Albanian beach resorts (and its main port), cutting Kosovar tourists' driving time in half with a very significant upgrade to the touristic experience. (Approximately 80% of foreign tourists to Albania are Kosovar.)

¶3. (U) While the opposition hopes that Basha will subsequently be sacked on corruption charges, the majority is ready to allow Parliamentary review of the complete Durres-Kukes road file and possible prosecution of Basha by the recently-appointed Prosecutor General (PG). The case could serve as the first major test for the new PG.

¶4. (U) FM Basha addressed his MP colleagues preemptively December 27 on the importance of the Durres-Kukes road to the national interest, depicting himself as the sacrificial lamb for this first major national infrastructure project. He concluded by saying: "All those that believe in good and the truth should support this (road project) as I do, without any reservations."

Self-sacrifice enables us to sacrifice other people without blushing. -- George Bernard Shaw

¶5. (U) Unexpected Consequences: While fans in the U.S. have been saddened recently by baseball doping scandals, Albanian soccer fans have other problems on their minds. With Kosovo status determination expected to be close on the horizon, Albanian football fans are concerned for "the day after." Players hailing from Kosovo comprise about half of Albania's National Team, and Kosovo's possible proclamation of independence has some fans worrying about their team's future. Official circles have so far avoided the issue - current players are all citizens of the Republic of Albania - but privately some note that a new state could affect the makeup of the team.

¶6. (U) Albania's National Football Team generates strong loyalty from ethnic Albanians across the region. Dressed in national red and

black, waving the Albanian double-eagle flag, thousands descend from neighboring countries to support the team, which represents the closest that Albanians expect to come to "Greater Albania." Asked about a possible division of the national team, Kosovar Albanian player Lorik Cana, one of its best, answered "it would be a great loss, but when the time comes we will decide all this together."

¶17. (U) Privatization of Oil Refining: This week, the Ministry of Economy approved a report by consulting firm Patton Boggs for the process of privatization of ARMO, a government-owned oil refining company. The government plans to sell 76% of ARMO's shares in an open tender, with the remainder distributed as compensation to former owners of the land where the company sits and to ARMO employees. ARMO holds 25% of the domestic market, and despite a failed privatization attempt in 2005, has increased revenues since that time due to the global surge in oil prices. The government expects to collect at least USD \$100 million from the transaction, and to complete the privatization within the first half of 2008.

¶18. (U) Despite recent setbacks, the government is committed to concluding remaining large-scale privatization projects. Albania's private sector already accounts for 80% of GDP, and employs more than 80% of all workers. Many sectors are entirely privatized, such as banking and telecommunications, while others, including energy, are expected to be completely transformed next year through privatization. However, there is consensus on the urgent need for an improved regulatory framework to increase efficiency and hold back anti-competitive behaviours.

THIS WEEK IN ARTS AND CULTURE

¶19. (U) Christmas In Tirana: Although Christmas celebrations may not be as pervasive in Albania as throughout much of Europe, a very

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large and well-decorated tree, erected a few days before Christmas, holds court in Tirana's Skenderbeg Square. The tree represents not only the Christian tradition, but also the communist-era "New Year's Tree" which marks the celebration of Albania's most important family holiday. Today, the tree is viewed as a decorative nod to both or either, depending on perspective. Next Week: A Traditional Albanian New Year's Celebration.
CRISTINA